

**Department of Agriculture**

**For the Years Ended  
June 30, 2000, and June 30, 1999**

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STATE OF TENNESSEE

**COMPTROLLER OF THE TREASURY**

State Capitol  
Nashville, Tennessee 37243-0260  
(615) 741-2501

**John G. Morgan**  
Comptroller

August 30, 2001

The Honorable Don Sundquist, Governor  
and

Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243

and

The Honorable Dan Wheeler, Commissioner  
Department of Agriculture  
Ellington Agricultural Center  
Nashville, Tennessee 37204

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Department of Agriculture for the years ended June 30, 2000, and June 30, 1999.

The review of management's controls and compliance with policies, procedures, laws, and regulations resulted in certain findings which are detailed in the Objectives, Methodologies, and Conclusions section of this report.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/mb  
01/039



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF STATE AUDIT**

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August 30, 2001

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have conducted a financial and compliance audit of selected programs and activities of the Department of Agriculture for the years ended June 30, 2000, and June 30, 1999.

We conducted our audit in accordance with government auditing standards generally accepted in the United States of America. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the Department of Agriculture's compliance with the provisions of policies, procedures, laws, and regulations significant to the audit. Management of the Department of Agriculture is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit disclosed certain findings which are detailed in the Objectives, Methodologies, and Conclusions section of this report. The department's administration has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

We have reported other less significant matters involving the department's internal controls and/or instances of noncompliance to the Department of Agriculture's management in a separate letter.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/mb

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Department of Agriculture**  
For the Years Ended June 30, 2000, and June 30, 1999

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## AUDIT SCOPE

We have audited the Department of Agriculture for the period July 1, 1998, through June 30, 2000. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of expenditures, equipment, plant certification, food and dairy, animal health, pesticides, and compliance with the Financial Integrity Act. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America.

## AUDIT FINDINGS

### **Controls Over Cash Receipting and Licensing Need Improvement**

The department's controls over the cash receipting and licensing procedures in the Animal Health, Pesticides, Food and Dairy, and Plant Certification divisions need improvement.

### **The Division of Plant Certification Has Not Enforced Department Rules\***

The division has not ensured that plant dealers, nurseries, and green houses have complied with department rules developed to ensure the quality of Tennessee's nursery stock.

\*This finding is repeated from the prior audit.

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

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**Audit Report**  
**Department of Agriculture**  
**For the Years Ended June 30, 2000, and June 30, 1999**

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# **Department of Agriculture**

## **For the Years Ended June 30, 2000, and June 30, 1999**

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### **INTRODUCTION**

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#### **POST-AUDIT AUTHORITY**

This is the report on the financial and compliance audit of the Department of Agriculture. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

#### **BACKGROUND**

The Department of Agriculture’s mission is to improve the livelihood of farmers, forestland owners, consumers, and the state’s agri-industries through sustaining our natural resources, enforcing clear and effective regulations, and maximizing economic opportunities. The department has the following powers and responsibilities:

1. to encourage and promote the interests of agriculture, including horticulture, the livestock industry, the dairy industry, poultry raising, beekeeping, wool production, and other allied industries;
2. to promote and improve methods of conducting agricultural industries to increase the production of and facilitate the distribution of products at minimum costs;
3. to collect, publish, and distribute statistics relating to crop production and marketing and to the production and marketing of beef, pork, poultry, and other agricultural products;
4. to inquire into the cause of contagious, infectious, and communicable disease among domestic animals and to seek prevention and cure of disease;
5. to assist, encourage, and promote the organization of farmers’ institutes and horticultural and agricultural societies and the holding of fairs, stock shows, or other exhibits of agricultural products;

6. to cooperate with the University of Tennessee Agriculture Extension Service and the United States Department of Agriculture;
7. to cooperate with producers and consumers in devising and maintaining economical and efficient systems of marketing and distributing agricultural products;
8. to inspect any place where fruits are grown or stored, to inspect any plant life for pests or diseases, and to strive toward eradication of these pests or diseases;
9. to assist the Soil Conservation Districts and the State Soil Conservation Committee in discharging duties described in the Soil Conservation District Act of 1939;
10. to preserve and develop the forestland of Tennessee for public benefit through programs of forest protection, forest management, and reforestation;
11. to inspect and regulate retail food stores, food service establishments, food manufacturers, food warehouses, food distributors, and dairy farms and plants;
12. to perform custom slaughterhouse inspections, hazardous substance inspections, and egg shell inspections;
13. to ensure compliance with regulations for nutritional labeling, hazardous substance labeling, consumer product safety, bottled water, and the enforcement of state tobacco laws regarding sales to minors;
14. to regulate motor fuels sold within the state for quality and correct octane levels; and
15. to license certified public weighers and weighmasters and to inspect scales used across the state.

An organization chart of the department is on the following page.

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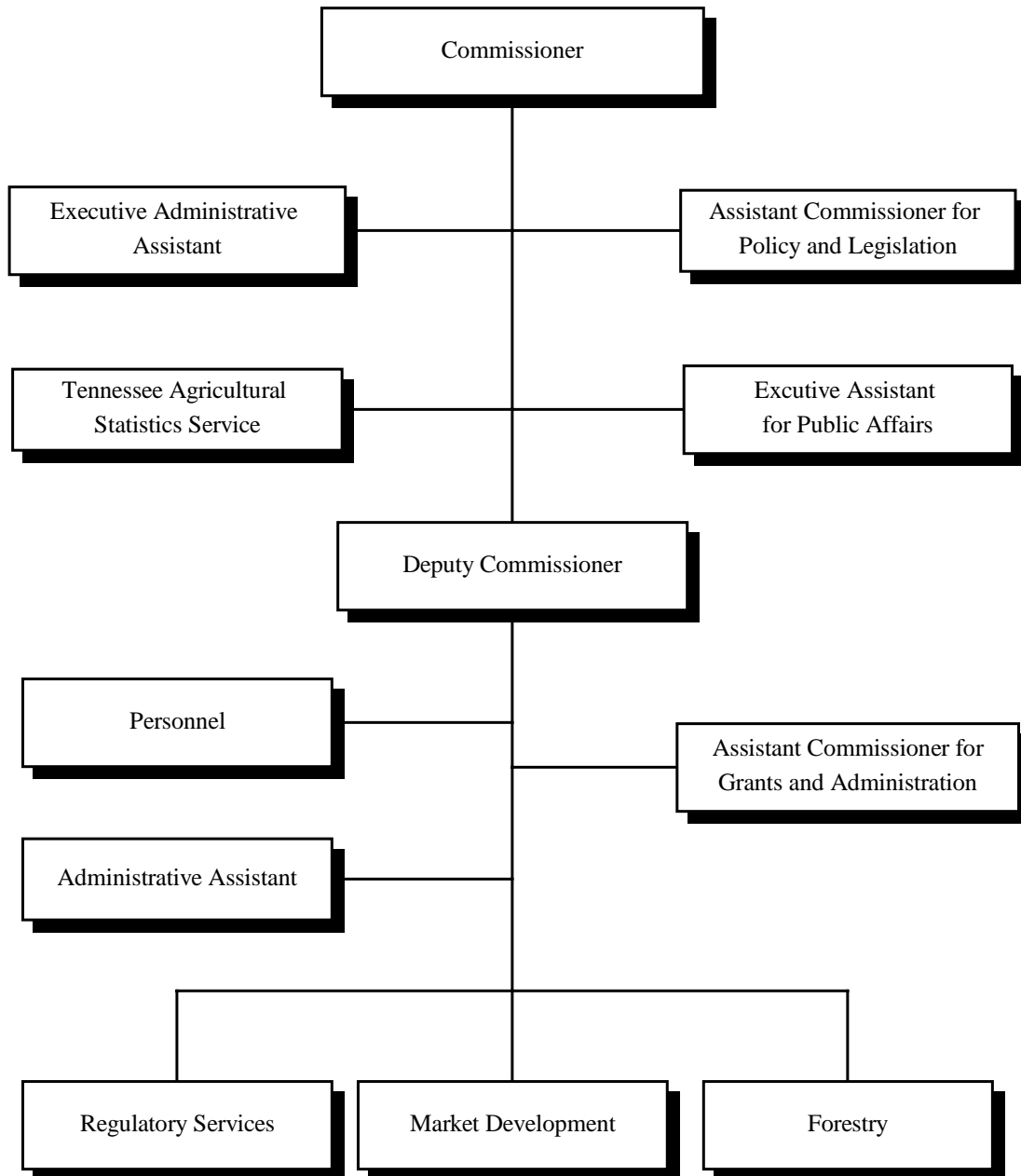
## AUDIT SCOPE

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We have audited the Department of Agriculture for the period July 1, 1998, through June 30, 2000. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of expenditures, equipment, plant certification, food and dairy, animal health, pesticides, and compliance with the Financial Integrity Act. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America.



**TENNESSEE DEPARTMENT OF AGRICULTURE**  
**Organization Chart**



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## **PRIOR AUDIT FINDINGS**

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Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Department of Agriculture filed its report with the Department of Audit on January 26, 2000. A follow-up of all prior audit findings was conducted as part of the current audit.

### **RESOLVED AUDIT FINDING**

The current audit disclosed that the Department of Agriculture has corrected the previous audit finding concerning inspection and oversight of Tennessee hatcheries.

### **REPEATED AUDIT FINDING**

The prior audit report also contained a finding concerning the Division of Plant Certification not enforcing department rules. This finding has not been resolved and is repeated in the applicable section of this report.

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## **OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS**

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### **INTERNAL CONTROLS**

Our objectives in reviewing the department's internal controls over cash receipts were to determine whether

- the procedures for assessing and collecting fees were adequate;
- cash receipts were properly accounted for and deposited timely;
- procedures for collecting delinquent accounts were adequate;
- reconciliations between licenses, certificates, or registrations issued and revenue received and deposited were performed; and
- proper receipting procedures, including mail logs, written receipts, and proper segregation of duties, were in place.

We interviewed key department personnel in the Animal Health, Pesticides, Plant Certification, and Food and Dairy sections to gain an understanding of the department's controls and procedures over cash receipts. We tested samples of cash receipts in each of these sections to determine if the proper fee was assessed and collected, and if the receipt was properly recorded and deposited timely. We performed reconciliations between the licenses, certifications, or registrations issued by the department and the revenue received and deposited for the Plant Certification and Animal Health revenues.

Based on interviews and review of controls, we noted weaknesses in the department's controls and procedures over cash receipts. In addition, the department is not performing the proper reconciliations between licenses, certificates, or registrations issued and the revenue received and deposited. These weaknesses are discussed in finding 1. Based on our sample testwork, deposits were properly accounted for and made timely. Our reconciliations showed no significant unexplained differences between indicated revenues and collections. In addition to the finding, other minor weaknesses were reported to management in a separate letter.

## **1. Controls over cash receipting and licensing need improvement**

### **Finding**

The Department of Agriculture collects fees in its various divisions for issuing licenses, certifications, and registrations. However, the department's controls over the cash receipting procedures for these fee collections need improvement.

- a. The department has a central mailroom but does not open all the mail in the mailroom. Mail is only opened in the mailroom if the responsible division cannot be determined. The mailroom employees do not prepare a mail log or cash receipt listing for the cash receipts opened in the mailroom. Instead, a calculator tape is prepared and initialed by the mailroom staff. This is not sufficient information to ensure that a proper reconciliation between actual receipts and deposits can be performed. The department is not performing this reconciliation either. Cash receipt listings, mail logs, and subsequent reconciliations serve as controls to prevent and detect misuse or loss of cash receipts.
- b. In the Animal Health and Plant Certification divisions, a reconciliation between licenses, registrations, or certifications issued and revenue received and deposited is not performed. This reconciliation would serve as a control to ensure that the correct revenue was received and deposited for all licenses, registrations, and certifications issued. As part of the audit, these reconciliations were performed in the Animal Health and Plant Certification divisions. No significant unexplained differences between indicated revenues and collections were noted.
- c. Administrative staff of the Plant Certification and Animal Health divisions receive checks and issue the licenses and certificates before any listing is made of the cash

receipts. Because administrative staff have access to the checks before the listing is compiled, there is not adequate documentation to indicate loss or misuse of cash receipts. The duties are not properly segregated to ensure that the persons preparing the listing are not also issuing the licenses and certificates and/or preparing the deposit.

- d. Plant Certification and Food and Dairy inspectors can collect funds for certificates and licenses while out in the field. The inspectors issue receipts for the monies collected in the field, but the receipts are never reconciled to the actual deposits or licenses and certificates issued. Without the reconciliation, the control of writing the receipts is diminished and ineffective.

Segregation of duties is essential to prevent and detect misuse of funds and to prevent the inappropriate issuance of licenses. Mail listings and reconciliations enhance safeguards over revenues received and aid in preventing possible misappropriation of funds.

### **Recommendation**

Management should implement procedures to strengthen controls over cash receipts, and ensure that all cash receipting and licensing duties are adequately segregated. Management should consider centralizing its cash receipting function in the mailroom. Individuals independent of the licensing function should open the mail and prepare a mail listing to ensure that all revenues received are properly identified and accounted for. Someone independent of the licensing and receipting functions should periodically reconcile licenses issued with revenue collected to ensure that money collected for licenses is deposited.

### **Management's Comments**

We concur with the finding.

- a.&c. Mailroom staff will be instructed to open all mail identified for sections not adequately staffed to provide segregation of duties related to cash receipting; those items will be restrictively endorsed and a log will be completed before forwarding licensing/certificate applications to the proper section. Our Information Systems Section is currently developing a bar code based application system to allow scanning of information into a data base. After the system is installed, we plan to consolidate revenue collection.
- b.&d. Quarterly reconciliation of cash deposits, receipts, certificates, licenses, etc., will be conducted by employees independent of the receipt and licensing functions and will be maintained in the Director's office.

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## **EXPENDITURES**

Our objectives in reviewing expenditure controls and procedures were to determine whether

- expenditures for goods or services were adequately supported and recorded correctly;
- expenditures for goods or services were authorized and in accordance with applicable state and federal regulations or requirements;
- payments were made in a timely manner;
- payments for travel were made in accordance with the State of Tennessee Comprehensive Travel Regulations; and
- contracts were made in accordance with regulations, and contract payments complied with contract terms and purchasing guidelines.

We interviewed key department personnel to gain an understanding of the department's procedures and controls over expenditures. We reviewed supporting documentation and tested a nonstatistical sample of expenditure transactions to determine if they were adequately supported, correctly recorded, paid timely, and processed in accordance with the applicable rules and regulations.

Based on our review of supporting documentation and our sample testwork, it appears expenditures were adequately supported, recorded correctly, authorized, and made in accordance with applicable regulations or requirements. Also, payments were made timely, and travel payments and contracts were made in accordance with rules and regulations. Although we had no findings related to expenditures, minor weaknesses were reported to management in a separate letter.

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## **EQUIPMENT**

Our objectives in reviewing equipment controls and procedures were to determine whether

- the information on the department's equipment listed in the Property of the State of Tennessee (POST) system is accurate and complete;
- lost, stolen, and surplus items were removed from POST;
- property and equipment are adequately safeguarded; and
- equipment purchased during the audit period was properly recorded in POST.

We interviewed key department personnel to gain an understanding of the department's procedures and controls over equipment. We reviewed supporting documentation and tested nonstatistical samples of equipment items from the POST system and the State of Tennessee Accounting and Reporting System (STARS). Equipment items were physically located, and description, tag number, serial number, and location were agreed to the POST listing. A sample of equipment items purchased during the audit period was traced to POST, and the cost was traced to supporting documentation. A nonstatistical sample of equipment items located in the offices was traced back to POST for agreement of pertinent data. A review of the procedures followed for lost, stolen, and surplus items was performed.

Based on interviews, review of supporting documentation, and testwork, it appears that the department's internal controls were in place; the property listing is accurate and complete; lost, stolen, and surplus items were removed from POST; property and equipment were adequately safeguarded; and equipment purchased during the audit period was properly recorded in POST.

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## **PLANT CERTIFICATION**

Our objectives in reviewing the Division of Plant Certification were to determine whether

- the procedures for collecting fees were adequate;
- the procedures for issuing certificates were adequate;
- the procedures for the collection of delinquent accounts were adequate;
- the department's monitoring procedures over nursery dealers and agents were adequate; and
- nursery stock held for sale by dealers had the proper certification from the supplier.

We interviewed key department personnel to gain an understanding of the department's rules, controls, and procedures for Plant Certification. We reviewed the department's rules and regulations over the Division of Plant Certification for adequacy of controls and procedures. We reviewed supporting documentation and tested nonstatistical samples of applications, inspections, and plant certifications for compliance with department rules and regulations. We also visited selected nurseries and plant dealers to determine if the department's monitoring procedures were adequate and if proper certifications were on file.

Based on interviews, review of supporting documentation, and testwork, it appears that the Division of Plant Certification follows the department's rules for inspections and collecting fees. However, Plant Certification does not follow the department's rules for certifications issued, applications, nursery dealers, and tags for plants. This matter is discussed in finding 2. In addition to the finding, other minor weaknesses were reported to management in a separate letter.

## **2. The Division of Plant Certification has not enforced department rules**

### **Finding**

As stated in the prior audit, the Division of Plant Certification did not comply with the following Department of Agriculture rules and regulations:

- a. Plant dealers must affirm to the department that all nursery stock will be purchased from a supplier holding a valid certificate. Dealers are also required to furnish the department a list of the certified suppliers from whom they expect to purchase stock. However, dealers had not listed as certified suppliers 6 of the 25 suppliers reviewed. Rule 0080-6-1-.07, Plant Dealers including Landscapers, states:

It shall be illegal for any person to engage in the business of nursery plant dealer and or nursery landscaper without first having secured a nursery plant dealer's certificate from the Tennessee Department of Agriculture. Such certificate shall be issued when the firm has remitted their application, the appropriate certification fee, and penalties if applicable and has affirmed that all nursery stock handled will have been secured from a source holding a valid certificate issued by the proper official of this State or other state or states, and when such applicant has furnished to the Commissioner, a list of such certified sources from which he proposes to secure nursery stock. It shall be the responsibility of the nursery plant dealer holding a certificate under these regulations to maintain such records as are necessary to demonstrate that stock sold, displayed for sale, held, or transported was in fact secured from such stipulated certified sources.

The division's failure to monitor dealers' lists of suppliers lessens assurance that the lists are accurate and complete and that suppliers are certified.

- b. Dealers did not always have certification from the supplier that the nursery stock held for sale was free of insect pests and plant diseases. Of the five dealers visited, two did not have the required certificates on hand. Rule 0080-6-1-.05, Use of Certificates, states, "All nursery stock shipped, sold or delivered or transported for sale or delivery in this State shall have affixed to each invoice, package, or plant (when sold or delivered without packaging) a tag bearing a copy of, and/or an actual copy of, the valid certificate covering such nursery stock."
- c. The department did not require nurseries, greenhouses, and dealers to fill out proper applications for certification. Rule 0080-6-1-.03, Application, states:

All persons desiring certification of nursery stock shall make application for same to the Commissioner, Tennessee Department of Agriculture by or before September 30, of each calendar year. All

persons desiring certification of greenhouse stock shall make application for same to the Commissioner, Tennessee Department of Agriculture by or before December 31, of each calendar year. Applicants may be required to furnish information as to the amounts and kinds of stock for which application for certification is made and locations where such stock is being grown or held. In the case of Native Wild Plants, applicants are required to furnish information as to kinds to be collected and the area from which collections will be made. Applicants must also furnish any other information necessary for the inspection and certification of their nursery.

The application process serves as a vital component of Plant Certification's duty to ensure that stock grown in, transported into, and transported out of Tennessee is disease- and pest-free. Of the 60 business files tested at the department, 14 (23.3%) did not have an application on file for either one or both of the 1998-1999 or 1999-2000 certification years. For five of the businesses visited, two (40%) had no applications on file for either one or both certification years.

Without an application on file for nurseries, greenhouses, and dealers, there is no way to determine that stock purchased is certified, nor is it possible to determine that the locations, amounts, and kinds of stock grown are properly listed with the Division of Plant Certification. Also, a proper application process affirms that a business is correctly classified as a nursery, greenhouse, or plant dealer and, therefore, receives appropriate review by the Division of Plant Certification.

In response to the prior audit finding, the department issued new rules governing nurseries, greenhouses, and dealers. The revised rules are quoted above. However, the Division of Plant Certification has not fully complied with the revised rules.

### **Recommendation**

The Division of Plant Certification should follow the rules established by the Department of Agriculture. The division should also ensure that nurseries, greenhouses, and dealers comply with the rules and regulations. During regular field inspections, inspectors should review information that the plant dealers are required to maintain.



## Management's Comment

We concur with the finding.

- a. The intent of Rule 0080-6-1-.07 is to assure that nursery stock for sale by plant dealers originated from a certified source. Requiring a dealer to adhere to a list of intended suppliers could limit their ability to take advantage of special sales by certified firms or buying from new businesses. The department will propose to amend Rule 0080-6-1-.07 to delete the requirement for lists to be provided. The intent for dealers to maintain proper certification records, at their establishment, will be emphasized. Inspector training will focus on 1) the Plant Certification Inspector Training Manual, which instructs employees to explain the necessity of maintaining a file verifying proof of purchase from certified sources, and 2) the Plant Dealer Inspection Form that calls for documented review of origination and proof of certification of stock held for sale.
- b. Annual information packets mailed to plant dealers will emphasize in the cover letter the responsibility to maintain proof of certification for all stock held for sale. Also, inspectors will inform dealers of the requirement for certification records.
- c. We have revised the application for certification to standard size. All documents, including applications, are now being imaged, which will improve our ability to retrieve needed information concerning plant dealers and other regulated entities.

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## FOOD AND DAIRY

Our objectives in reviewing the Division of Food and Dairy were to determine whether

- the procedures for assessing and collecting fees and for collecting delinquent accounts were adequate;
- the procedures for issuing permits ensure all retail food stores hold a valid permit;
- the rules and regulations governing construction, sanitation, safety, and operation of retail food stores or food service establishments were adequate;
- the procedures for preapproval of plans and specifications for construction, extensive remodeling, or conversion of an existing structure to a retail food store were adequate;
- the procedures developed for inspection of sites and approval of applications for new retail food store openings were adequate;

- retail food stores and food service establishments were inspected every six months and whether the proper reporting and scoring requirements were used for the inspections;
- the procedures for violation correction and follow-up inspections were adequate;
- the procedures for suspension and revocation of permits were adequate;
- the Department of Agriculture has contracted with Shelby, Madison, Davidson, and Knox Counties for inspection and enforcement to prevent duplication of inspections, and if all permit fees collected for these areas were transferred to the counties' health department; and
- the county health department regulations meet state reporting requirements, are as stringent as those of the state, maintain consistency and integrity of the statewide program, and have adequate staffing and resources to implement and enforce the program.

We interviewed key department personnel to gain an understanding of the department's rules, controls, and procedures for Food and Dairy. We reviewed the department's rules and regulations over all Food and Dairy establishments for adequacy of controls and procedures. We reviewed supporting documentation and tested nonstatistical samples of retail food stores and food service establishments for valid permits, timely inspections, and applicable follow-up inspections. We also reviewed the contracts with the counties noted above for their inspection and enforcement.

Based on interviews, review of controls, procedures, rules and regulations, and testwork, it appears that the Division of Food and Dairy's fees were adequately assessed and collected. Inspections were performed every six months, reporting and scoring requirements were adequate, and contracts with counties for inspection and enforcement met requirements. Also, it appears that policies and procedures for issuing permits, inspection of sites, approval of applications for new retail food stores, and preapproval of plans were in accordance with applicable laws and regulations, and procedures have been implemented.

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## **ANIMAL HEALTH**

Our objectives in reviewing the Division of Animal Health were to determine whether

- the procedures for registering brands, licensing livestock dealers, and licensing community sales were adequate;
- a community sale that was issued a license filed a \$10,000 or higher bond with the department;

- the procedures for assessing and collecting fees and for collecting delinquent accounts were adequate;
- the procedures for regulating Tennessee Poultry and Baby Chick Inspection Service were adequate;
- there was adequate oversight of hatcheries; and
- the procedures used to license persons dealing or trading in poultry, fowl, livestock, or other animals were adequate.

We interviewed key department personnel to gain an understanding of the department's rules, controls, and procedures for Animal Health. We reviewed the department's rules and regulations over Animal Health for adequacy of controls and procedures. We reviewed supporting documentation and tested samples of brand registrations, livestock dealer licenses, community sale licenses, baby chick licenses, and hatchery inspections for compliance with department rules and regulations.

Based on interviews, review of supporting documentation, and testwork, it appears that the oversight of hatcheries was adequate, and community sale licenses issued were filed with proper bonds. Also, it appears policies and procedures for registering brands, licensing livestock dealers, licensing community sales, and regulating the Tennessee Poultry and Baby Chick Inspection Service were in accordance with applicable laws and regulations, and procedures have been implemented.

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## **PESTICIDES**

Our objectives in reviewing the Division of Pesticides were to determine whether

- the procedures used to assess and collect fees, fines, and penalties are adequate;
- the procedures for the collection of delinquent accounts are adequate;
- every pesticide which is distributed, sold, or offered for sale within the state or transported within the state is registered annually;
- the procedures regarding the licensing of persons dealing in restricted-use pesticides are adequate; and
- the procedures over the issuing of licenses to qualified and properly insured applicants are adequate.

We interviewed key department personnel to gain an understanding of the department's rules, controls, and procedures for Pesticides. We reviewed the department's rules and

regulations over Pesticides for adequacy of controls and procedures. We reviewed supporting documentation and tested samples of pesticide registrations and dealer licenses for restricted-use pesticides to determine if the applications were on file and if the amounts collected were correct.

Based on interviews, review of supporting documentation, and testwork, it appears that pesticides are registered annually and persons dealing with restricted-use pesticides are licensed. Also, it appears policies and procedures used to assess and collect fees, fines, and penalties were followed. The licensing of persons dealing in restricted-use pesticides and the issuing of licenses to qualified applicants were in accordance with applicable laws and regulations, and procedures have been implemented. Although we had no findings related to Pesticides, other minor weaknesses were reported to management in a separate letter.

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## FINANCIAL INTEGRITY ACT

Section 9-18-104, *Tennessee Code Annotated*, requires the head of each executive agency to submit a letter acknowledging responsibility for maintaining the internal control system of the agency to the Commissioner of Finance and Administration and the Comptroller of the Treasury by June 30, 1999, and each year thereafter. In addition, the head of each executive agency is also required to conduct an evaluation of the agency's internal accounting and administrative control and submit a report by December 31, 1999, and December 31 of every fourth year thereafter.

Our objectives were to determine whether

- the department's June 30, 2000, and June 30, 1999, responsibility letters and December 31, 1999, internal accounting and administrative control report were filed in compliance with Section 9-18-104, *Tennessee Code Annotated*;
- documentation to support the department's evaluation of its internal accounting and administrative control was properly maintained;
- procedures used in compiling information for the internal accounting and administrative control report were in accordance with the guidelines prescribed under Section 9-18-103, *Tennessee Code Annotated*; and
- corrective actions have been implemented for weaknesses identified in the report.

We interviewed key employees responsible for compiling information for the internal accounting and administrative control report to gain an understanding of the department's procedures. We also reviewed the supporting documentation for these procedures. We reviewed the June 30, 2000, and June 30, 1999, responsibility letters and the December 31, 1999, internal accounting and administrative control report submitted to the Comptroller of the Treasury and to the Department of Finance and Administration to determine adherence to submission deadlines. To determine if corrective action plans had been implemented, we interviewed management and reviewed supporting documentation as considered necessary.

We determined that the Financial Integrity Act responsibility letters and internal accounting and administrative control report were submitted on time, support for the internal accounting and administrative control report was properly maintained, and procedures used were in compliance with *Tennessee Code Annotated*. Corrective action was being taken on the weaknesses noted.

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## OBSERVATIONS AND COMMENTS

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### TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Section 4-21-901, *Tennessee Code Annotated*, requires each state governmental entity subject to the requirements of Title VI of the Civil Rights Act of 1964 to submit an annual Title VI compliance report and implementation plan to the Department of Audit by June 30, 1994, and each June 30 thereafter. The Department of Agriculture filed its compliance reports and implementation plans on June 30, 1999, and July 3, 2000.

Title VI of the Civil Rights Act of 1964 is a federal law. The act requires all state agencies receiving federal money to develop and implement plans to ensure that no person shall, on the grounds of race, color, or origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funds.

On October 15, 1998, the commissioner of Finance and Administration notified all cabinet officers and agency heads that the Human Rights Commission is the coordinating state agency for the monitoring and enforcement of Title VI.

A summary of the dates state agencies filed their annual Title VI compliance reports and implementation plans is presented in the special report *Submission of Title VI Implementation Plans*, issued annually by the Comptroller of the Treasury.

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## APPENDIX

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Department of Agriculture allotment codes:

325.01	Administration and Grants
325.04	Forestry Seasonal Payroll
325.05	Division of Regulatory Services
325.06	Marketing Development and Promotion
325.08	Agricultural Resources Conservation Fund
325.10	Forestry Operations
325.11	Forestry Facility Maintenance
325.12	Tennessee Grain Indemnity Fund
325.14	Certified Cotton Growers' Organization
325.16	Tennessee Agricultural Regulatory Fund